



Paper Division

A shift in the global paper recycling order

A whistle-stop tour of the world's paper and board markets was conducted at the BIR Paper Division meeting in Monte-Carlo, with China and India coming under particular scrutiny. Market reports for Europe and the U.S., meanwhile, indicated that export levels are healthy and that prices of many grades are 'building up steam'.

The baton of growth is well and truly being passed to Asia and a new world order is emerging in the recycling business,' the Paper Division meeting was informed by guest speaker Edward Walker of Edward Walker Consulting, U.K.

Of the approximately 21 million tons per annum of already-determined global investment in recycling capacity between 2000 and 2005, North America accounts for little more than 2 million tons while Europe has witnessed a 'disappointing' lack of 'really major new projects' in countries other than Germany.



Gaius Gyllenbögel of Tallina Sekto, Estonia, (left) and Gerry West of Severnside Waste Ppaper, U.K.



Guest Speaker, Mr Jogarao of BVS Jogarao ITC Ltd, India, (left) and Division President Dominique Maguin of Soulier, France.

By Ian Martin

Meanwhile, China alone has announced projects that will add 6.7 million tons of recycling capacity over the same period.

Mr Walker noted that world consumption of recovered fibre by the paper and board industry has grown from 30 million tons in 1970 to an estimated 160 million tons in 2002 and 185 million tons in 2005. He forecast that consumption will increase by an average of 4.1% per annum over the next four years compared to 5.8% per year during the 1990s, and that world recovered paper and board utilisation rates will jump from 46.8% in 2000 to 50% in 2005. 'We are still talking about a very healthy rate of growth,' he stressed.

Slower production growth

The guest speaker expected growth rates to continue to fall partly because of slower paper and board production growth, particularly in North America. And he warned: 'Certain limits are fast approaching to the amount of recovered fibre that can be incorporated in paper and board furnishes in some grades and regions.' The typical quality of recovered fibre 'is beginning to deteriorate' and 'requires more engineering and chemistry to produce a recycled sheet than formerly', he suggested.

The Paper Division's second guest speaker, Mr Jogarao of BVS Jogarao ITC Ltd, expected per capita consumption of paper in his home country of India to increase four- or five-fold over the next five years to some 20-25kg. Demand for recovered paper and board imports is set to increase 'substantially' over the next decade, he believes, owing to severe

restrictions imposed by the Indian government on use of forest raw materials and a liberalisation of the import system. Mr Jogarao acknowledged that his country's import duties on recovered paper and board have been 'harsh', but anticipated a swingeing cut in duties by 2005. 'India is opening up its gates and there will be a lot of recycled fibre requirement,' he told delegates.



Guest Speaker Edward Walker of Edward Walker Consulting, U.K.

In scanning the world scene, Division President Dominique Maguin of Soulier, France, also underlined the ever more prominent position enjoyed by Asia on the world paper scene. Consumption growth in the region soared by 33% between 1996 and 2000 whereas the comparative growth rates in Europe and North America were 28.58% and 14.23% respectively over the same period.

'Enormous' change in Europe

Mr Maguin estimated that China alone could be looking for 20-25 million tonnes of recovered fibre imports over the next five years, while Maarten Kleiweg de Zwaan of The Netherlands confirmed that Europe-



The Oceanography Museum in Monte Carlo.

an exports of recovered paper and board to the Far East totalled around 3.5 million tonnes last year.

Mr Kleiweg de Zwaan pointed to an 'enormous' change in Europe since the previous BIR meeting in Dublin last October, with collection volumes reduced by the economic downturn and lower pagination. The Spring brought higher prices for OCC and mixed paper but, despite increased freight charges, export demand was undiminished.

Not only did European mills fail to react with sufficient speed, 'some even announced price decreases in March,' he noted. The Euro 15-20 price increases introduced by mills in May 'did not have the desired effect' of stemming exports, he said, with some producers now paying premiums of up to 50% on published prices. Mr Keliweg de Zwaan anticipated higher-grade price rises of Euro 20 for June.

Gerry West of the U.K. delivered a commentary on U.S. market conditions in which rising prices were also a dominant theme. However, he also dwelt on China's threat to impose a 24% tariff increase on imported U.S. recovered paper and board in retaliation for President Bush's steel import restrictions. 'This could be devastating to prices in the long term,' Mr West warned. □